



Roy Cooper North Carolina Attorney General

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Contact: Noelle Talley

Phone: 919/716-6413

Medicaid fraud busts recover \$52 million in 2008, says AG Cooper

Latest case against drug maker Cephalon nets \$15.4 million for NC

Raleigh: North Carolina's Medicaid fraud investigators recovered more than \$52 million and investigated dozens of cases of fraud and patient abuse in 2008, Attorney General Roy Cooper said today.

"Ripping off Medicaid keeps needy patients from getting care and drives up health care costs for all of us," said Cooper. "We'll keep working to protect patients from abuse and stop taxpayers' money from being wasted."

During the federal fiscal year that ended September 30, 2008, Cooper's Medicaid Investigations Unit won 17 criminal convictions and 15 civil settlements that recovered more than \$52 million from Medicaid abusers. These latest successes build upon several years of record-setting Medicaid fraud busts, which resulted in more than \$300 million recovered over the last seven years.

The Medicaid Investigations Unit, part of the NC Department of Justice, aggressively investigates fraud and abuse of Medicaid benefits by nurses, doctors, hospitals, pharmacies and other health care providers, and also investigates patient abuse and neglect in nursing homes and other Medicaid-funded facilities.

"Our investigators and attorneys will continue to root out Medicaid fraud and make cheaters pay," Cooper said.

For example, in one of the first cases resolved in the 2009 fiscal year, North Carolina won \$15.5 million from pharmaceutical manufacturer Cephalon, Inc. North Carolina's recovery is part of a \$375 million national settlement that resolves allegations that Cephalon marketed three drugs for uses not approved by the US Food and Drug Administration (FDA).

Under the terms of North Carolina's settlement, \$1.9 million will go to the state's Medicaid Program and \$3.5 million in fines and penalties will go to the public schools. The bulk of the remaining \$10 million will reimburse federal Medicaid costs. Medicaid is a joint federal-state program that provides health insurance for the poor.

The national federal and state settlements resolve allegations that Cephalon improperly promoted three drugs, Provigil, Gabitril, and Actiq, including providing millions of dollars in grants to fund continuing medical education programs to convince doctors to prescribe the drugs for off-label uses:

- **Provigil:** Although FDA-approved to treat only narcolepsy and sleep disorders, Cephalon marketed Provigil as a non-stimulant drug to treat sleepiness, tiredness, decreased activity, lack of energy and fatigue.
- **Gabitril:** Although FDA-approved as a partial treatment for seizures, Cephalon marketed Gabitril as a remedy for anxiety, insomnia, and pain. Following reports of seizures in patients taking Gabitril that did not have epilepsy, the FDA required Cephalon to send a warning to physicians advising them of the risks of seizures in connection with off-label Gabitril use.

- Actiq: Although FDA-approved to treat cancer patients for whom morphine-based painkillers are no longer effective, Cephalon marketed Actiq for conditions including migraines, sickle-cell pain, injuries and in anticipation of changing wound dressing or radiation therapy.

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